



Governor's Film and Television Commission

September 17, 2007 – 3:00 PM

State Capitol Executive Tower –Governors Conference Room

OVERVIEW

ATTENDEES: Barry Kluger, Chairman, Lawrence Moore, Chairman, Deborah Johnson, Don Livesay, Honorable Toni Hellon, Hugh Downs, Karen Churchard, Luci Fontanilla-Perez, , Mal Wienges, Michael Dixon, Richard Foreman, Shelli Hall-Lipinczyk, Tony Astorga

BY PHONE: Pete Mangelsdorf , Linda Miller

EX OFFICIO: Kelly Paisley

GOVERNORS OFFICE:

Jeff Schatzki

ADOC STAFF: Kerri Morey, Harry Tate, Ken Chapa, Octavia Logan

Call to Order – Chairmen Kluger & Moore

Commission Announcements – Chairman Kluger

- ❖ The next full Commission meeting is **February 26, 2008**
- ❖ We have a new Commissioner joining us, Miguel Valenti, Assistant Director of the School of Theatre and Film.
- ❖ Arizona Republic did a two page report about the Film Commission with Harry Tate Director of the AZ Film Office.

Entertainment & Marketing Review – Chairman Kluger

The Marketing and Public Relations group's objective is to develop ideas to promote the film industry in Arizona as well as nationally. (Headed by Chairman Kluger)

The Marketing group discussed:

- A gala signature event and cocktail reception.
- Hosting the Nammys in 2010.
- A Salute to Arizona's Films hosted by the Governor's Commission, Arizona has over 100 year filming history.
- The Screen Actors Guild 75th Anniversary.

All to bring recognition and highlight the things we are doing in Arizona.

Don Livesay Presentations

A Report on- The Screen Actors Guild 75th Anniversary will have a national birthday party on June 21, 2008. Each SAG branch will come up with an event.

The Entertainment Committee members are: Amanda Melby, Jennifer Pfalzgraff, Barry Kluger, Harry Tate, Jeff Schatzki, Toni Hellon, Don Livesay and others.

They are looking at several different venues for this event.

It is a great opportunity to promote and grow awareness of the film industry in Arizona.

Commissioner's participation is appreciated. Miguel Valenti volunteered ASU to assist as needed.

Approval of minutes – Chairman Moore

Minutes approved by majority.

Chairman Kluger introduced Ken Chapa ADOC Film Office Update

State Film Office Activities Update by Ken Chapa, Program Manager

- > Ken explained the scope of the information he is about to present. Fiscal Year 2007 (July 1, 2006 – June 30, 2007)
- > Only represents data the ADOC Film Office can verify, per projects we worked with.

PowerPoint slide depicting monthly views for the ADOC Film Office website is displayed. Ken reviewed the information reflected.

- > August 2006 recorded the highest number of views (1592).
- > Starting in November 2006 the monthly views declined sharply until “bottoming out” in December with a recorded 99 views.
- > Website views inclined sharply in January (1367) and continued to fluctuate within a 10% margin through June 2007.

PowerPoint slide depicting the disbursement (via pie chart) of FY 2007 Production days is displayed.

- > The ADOC Film Office can validate 1007 production days in FY 2007.
- > Independent Feature Films accounted for a majority of FY 2007 production days (37%).
- > Studio Feature Films accounted for the second highest amount of production days (22%).

A new project type the Film Office has begun to track is “Animation/Multi-Media/New Media.” This category type includes web-casts, animation, video games, and other emerging venues. Although the category type represented less than 1% of total validated production days for FY 2007, Ken provided budget data regarding the XBOX 360 video game entitled “Lost World” that is rumored to have a total budget of \$45 Million. He added that the total budget of this video game eclipses that of some Feature Films. Due to the growth of this particular sector in the industry The ADOC Film Office is looking at new ways to track these projects as well as how to market to them.

Questions & Answers

Don Livesay asked: Are there any editing or production companies that deal with this new genre here in Arizona?

Ken answer: Yes. A great example is Angan, LLC which is owned and operated by Javier Contreras, a Phoenix native who has studied the Japanese “Anime” style in Tokyo, and is widely regarded as a specialist in this animation style. His company worked on some of the post – production digital effects for the Transformers Movie, as well as video games such Spiderman and many projects for the Asian market. Companies of this nature can efficiently conduct business in relatively small spaces; sometimes even out of their own homes, yet this doesn’t decrease their desirability. I am working with him to track his production days.

Don Livesay: Is he hiring local talent?

Ken answer: Yes. He has made a point to hire as much local talent as possible and use student interns.

Chairman Moore: Is it normal for industrial to be so small of a category?

Ken answer: Mostly industrial shoots are not going to come to us unless they need a road or state trust land. Usually they use warehouses, and private property. We only track projects that

come through our office. We are fairly certain there are more industrials being shot in state than what is reflected here (referring to slide 9), but we can only report on data we can validate.

Chairman Moore: If there were industrial shoots coming in from outside the state, would they likely get in touch with you?

Ken answer: It depends on their needs. Most of the time they work out of private warehouses or at one of the test tracks so they won't use our offices, but if they need crew or locations outside of that, they usually contact us.

Don Livesay: Would you be interested in knowing which new media companies are coming into the state and whether they used your services or not?

Ken answer: Yes.

Don Livesay: Maybe we (Screen Actors Guild) and the film office can work together to uncover some of them. The Screen Actors Guild is aware of some of the projects

Ken to explain the importance of Comic Con: There is a convention called Comic Con which has gotten bigger every year and has become a huge magnet for potential projects. The current trend in Hollywood is "comic book" based movies, in today's Hollywood; movies of this genre are more likely to be given a \$100 million budget by a studio than others. Comic Con has become a venue to both buy and sell the production rights on projects as well as a showcase for video games and other interactive entertainment.

Kelly Paisley: How are other states doing with production days, and how do we measure against them?

Harry Tate: Each state is different depending on how that states program is set up. Arizona, because of the type of our popular locations impacts us differently from other states. Example: New Mexico's incentive programs are made to draw on film, TV series, and animation. Other states like Utah and Nevada are focused primarily on film and TV. Comic Con has become a premiere event; in order to get in you have to become a sponsor. It is believed that at this point there is a good opportunity for Arizona to draw from this growing industry because we have the U of A, ASU and companies like Google here.

Chairman Moore: Is there away we can get some hint of where we are compared to other states?

Discussion Closed

Legislative Update – Chairman Moore

Synopsis of Laws 2007, Chapter 225 (HB2322)

Kerri Morey, ADOC Director of Public Policy

Laws 2007, Chapter 225 (HB2322)

Two new special programs were enacted last session; one to include infrastructure projects in the program, and the other to set aside credits for commercials and music videos. Infrastructure projects are eligible for up to \$5 million of the 2008 cap, and five percent of the annual cap was set aside for commercials and music videos.

The maximum amount of tax credit available for each motion picture project incrementally increases to \$9 million in 2010, and the percentage of production costs used to compute the credit was also increased. Now, productions are eligible for tax credits equal to 20% for productions up to \$1 million and 30% for production of over \$1 million.

The bill also established deadlines: 90 days for showing significant progress, and 24 months for completing production.

Guidelines for the implementation of the new changes are currently out to the stakeholders for comment. We hope to get those back this week. We will also begin the rule making process for the program within the next month.

Finally, I just want to make the commission aware that the open meeting law was amended last session. Although the changes do not make changes to the way the commission does its business, all subcommittees, work groups, etc. will now need to post meetings 24 hours in advance and take meeting minutes.

Questions & Answers

Pete Mangelsdorf: If you apply for an infrastructure application will you be able to get an exemption for the TPT?

Kerri answer: TPT's become complicated when you start talking about construction projects. There is a different classification for construction projects. Kerri will have to get back to Pete on that.

Luci Perez: What is the cap for this year?

Kerri Answer: \$50 million for 2008.

Harry Summarized the Motion Picture Tax Incentive Program

(You may see this on the website at www.azcommerce.com/flim/)

We will make the guidelines available to you.

Don Livesay: Finds the online summary difficult to navigate and, would like a simplistic version of the program to be posted.

Kelly Paisley: How do we advertise to producers, and production companies to come to Arizona?

Harry answer: Currently the film office works with the Arizona Office of Tourism in marketing with publications and the other film offices around the state. Harry and Ken are often asked to sit on discussion panels and speak about the film office and the incentive program. The Arizona Production Association will be hosting a panel discussion in October. We will talk to the community about the legislative changes, film office services and the incentive program. We have been invited as a select state by the Director's Guild of America to participate in a panel discussion in December. We work with Motion Picture Association of America, the Producer's Guild and the Director's Guild.

Tony Astorga- requested we keep up with the film office news letter.

Chairman Moore- would like some speaking points when Commissioners are asked about what the commission does.

Discussion Closed

Phase1 Workforce Workgroup –Chairman Moore

The Phase1 Workforce Workgroup was created to design a program that would meet the workforce needs of the growing film industry in Arizona.

Commissioner Valenti reviewed curriculum development for the Film & TV industry for below-the-line training

In order to bring film productions to the state we have the Motion Picture Tax Incentives. To qualify for the incentives, at least 50% of the production's crew must be Arizona residents. At this point we do not have the workforce to support more than three productions at a time.

The workgroup came up with a pilot program to solve the immediate lack of below the line workers. (Below the line jobs definitions are attached)

The short term goal is to add already trained workers to the industry by the November deadline. They will have two training workshops with 30 to 50 participants, over a two weekend period. They will be utilizing Ray Padilla's training curriculum and it will be staffed by Maricopa Skill Center (MSC) faculty. ASU will supplement as needed. MSC has allowed them use of an area on their campus.

Workshop Dates: October 26th & 27th
November 2nd & 3rd

Instructions will be in three areas

- Construction
- Cosmetology
- Business Administration

The first weekend students will learn:

- How a film set works, and
- How Film in Arizona works.
- What different jobs are available in the film industry?
- Begin to build a complete working set for a full production.

The next weekend they will complete the production. Then MSC is hoping to host a PR event where they will showcase the finished production. MSC will invite the media and the Commission to this event.

The participants of the workshops will have to come with the basic skill in their chosen field. This program is not for those who are just beginning to learn these skills.

MSC already has extensive building, cosmetology and business programs. MSC tracks their students up to five years after they graduate from the program.

The partners are: MSC, ASU, the Governor's TV and Film Commission, Phoenix Film Office, and Arizona Film Office, industry experts, and RSA.

The long term goal is to extend the workshops and make this program available across the state. The One Stop Centers can be use as recruiting stations. (Information on the One Stop Centers is attached)

There is no cost to the Commission or AZ Film Office for the workshops and PR event. They ask only for the Commission's participation and enthusiasm.

Chairman Moore asked the Marketing Group if they would assist in promoting of the program and event.

Q&A

Don Livesay: Would like for the SAG (Screen Actors Guild) to be involved in this endeavor. They may be able to supply talent.

Hugh Downs: The universities maybe already be training students in some or all of these areas?

Miguel Valenti: What I have found is that at the university level, most of those students want to write and direct. They don't want to occupy a below the line job as long-term careers. They want to train people who will make a career out of this.

Tony Astorga: Is there a traveling workforce that can meet our short term need? Could we recruit from outside Arizona?

Chairmen Moore: Part of this is to fill legislation that says 50% of the work crew has to be Arizona residents.

Harry Tate: The point is having the opportunity to bring folks here and keeping them here.

Miguel Valenti: If we could provide a good number of crew base to bring the production companies in, that would introduce those people to our state, and that would be a terrific start.

Kelly Paisley: Upon completion of the program, are the participants going to be accredited?

Chairman Moore: We are still working on that.

Kelly Paisley: I think it sounds fantastic. How can we connect into it?

Miguel Valenti: I think the more publicity we can get for this the better. I want you all to know that MSC will certify their graduates when this becomes a full course in January. Another good thing is MSC tracks everything, meaning the film office can track absolutely everything, which gives us another source of information.

Don Livesay: Are you planning to dovetail or network with other groups that already have similar programs in place?

Chairman Moore: I guess what's going to happen is that when we raise the PR profile on this type of activity then other people who are doing the same types of programs will say you have a resource here.

Miguel Valenti: IFP of Phoenix should have been on the slide, but it was an oversight on my part.

Discussion Closed

We welcome our newest Commissioner Miguel Valenti.

Next Full Commission Meeting –February 26, 2008

Adjournment – Commissioner Lawrence Moore